

19.03: Revocation of Exemption

- (1) If the Commission has reason to believe that a board granted exemptions pursuant to 840 CMR 19.00, or the investments of any board, do not comply with the requirements of M.G.L. c. 32, § 23(2), or with the requirements of 840 CMR 19.00, the Commission may require the board to show cause why the exemptions should not be revoked. If the board fails to establish that its investments do so comply, the Commission may revoke the exemptions and the board shall thereafter be subject to the restrictions on investments of M.G.L. c. 32, § 23(2)(b)(i) through (vii).
- (2) If the Commission determines that an action of a qualified investment manager, including but not limited to, involvement in any regulatory action, litigation or legal proceedings, change in principals or senior investment professionals, or performance significantly impairs or changes the manager's ability to perform, the Commission may remove the qualified investment manager from the list promulgated in accordance with 840 CMR 19.01.
- (3) Any board upon revocation or withdrawal of an exemption shall annually file a report with the Commission which outlines which investments not authorized pursuant to the restrictions of M.G.L. c. 32, § 23(2)(b)(i) through (vii) are held by the board and why they continue to be held.
- (4) In the event a qualified investment manager is no longer retained by any retirement board, the qualified investment manager shall be removed from the list promulgated in accordance with 840 CMR 19.01.

19.04: Determination of Qualifications of Investment Manager: Review of Application

- (1) Investment Manager. The Commission shall determine, for every application for exemption, whether the board has a qualified investment manager as defined by 840 CMR 16.01.
- (2) Review of Application. If the Commission determines that the board has a qualified investment manager, the Commission shall review the selection process of the qualified investment manager, review the information contained in the application for exemption, consider the diversification of the investments of the board, and professional qualifications of the qualified investment manager in accordance with 840 CMR 19.05.

19.05: Rating of Investment Performance and Qualifications

In rating investment performance and qualifications the Commission shall develop and disseminate objective criteria uniformly to be applied in an equitable fashion. These criteria shall include, but not be limited to, the investment performance of the system, investment performance of investment manager for asset classes which investment manager will manage, professional qualifications of investment manager, public and private pension accounts managed by investment manager as of the year preceding the year of application, registration of investment adviser under the Investment Advisers Act of 1940, investment manager's review and control procedures, daily supervision of portfolio and trading capability.

REGULATORY AUTHORITY

840 CMR 19.00: M.H.L. c. 7, § 50; c. 32, §§ 21 and 23.

(840 CMR 20.00: RESERVED)